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RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE  
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RHMFISS/DEPT OF JUSTICE WASHINGTON DC IMMEDIATE  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE  
RUEAIIA/CIA WASHINGTON DC IMMEDIATE  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
RUEHC/DEPT OF LABOR WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 MANAGUA 000025

SIPDIS  
AMEMBASSY BRIDGETOWN PASS TO AMEMBASSY GRENADA  
AMEMBASSY OTTAWA PASS TO AMCONSUL QUEBEC  
AMEMBASSY BRASILIA PASS TO AMCONSUL RECIFE

E.O. 12958: DECL: 2010/01/15  
TAGS: [PGOV](#) [PREL](#) [KDEM](#) [PHUM](#) [EAID](#) [SOCI](#) [VE](#) [NU](#)  
SUBJECT: Nicaragua in ALBA - Three Years and Still Going

REF: A) 09 MANAGUA 1318 - FSLN SOCIAL PROGRAMS POLITICIZED  
B) 09 USUN NEW YORK 1133 - WHA DELEGATIONS AT THE 64TH UNGA  
C) 09 MANAGUA 1164 - NICARAGUAN EXPORTS TO VENEZUELA  
D) 09 MANAGUA 1135 - NICARAGUA'S INSTITUTIONAL COUP  
E) 09 MANAGUA 599 - ORTEGA RESPONDS TO MCC CANCELLATION  
F) 09 MANAGUA 425 - ORTEGA THREATENS TO EXPEL U.S. DIPLOMATS  
G) 09 MANAGUA 359 - VENEZUELAN FUNDS REMAIN OFF BUDGET  
H) 09 MANAGUA 259 - ALBA ENTITY BUYS RANCH AND HOTEL  
I) 09 MANAGUA 1145 - CENTRAL BANK ON VENEZUELAN 2009 ASSISTANCE  
J) 09 MANAGUA 571 - IMF REPRESENTATIVE ON VENEZUELAN ASSISTANCE  
K) 08 MANAGUA 1351 - NICARAGUA'S MUNICIPAL ELECTIONS

CLASSIFIED BY: RobertJCallahan, Ambassador, State, Embassy Managua;  
REASON: 1.4(B), (D)

11. (C) Summary: President Daniel Ortega announced Nicaragua's entry into the Bolivarian Alliance for the Americas (ALBA) on January 11, 2007,  
ALBA - The Answer to All Your Problems ... and People Believe It

12. (C) Since entering office in 2007, Ortega has used the promise of ALBA funds (which come from Venezuela) to address a range of social and infrastructure problems in Nicaragua. In 2008, Venezuelan assistance was estimated at over \$400 million (ref J). In the first six months of 2009, Venezuelan assistance was well on its way to surpassing \$500 million (ref I). This real money from Caracas has allowed Ortega to provide everything from pigs to rooftops to roads to oil, and has allowed him to proclaim Venezuela and ALBA as the savior whenever Nicaragua faces an economic shortfall or hardship. These funds provide Ortega the resources to throw money at and resolve domestic problems, as was the case of the transportation strike in 2008 when Ortega ultimately provided gas subsidies to the transport sector. Similarly, on June 13, 2009, three days after the Millennium Challenge Corporation (MCC) partially terminated its compact with Nicaragua due to fraudulent 2008 municipal elections, Ortega publicly announced the establishment of "ALBA Solidaria" or "Cuenta ALBA" through which Venezuela would provide \$50 million to fund programs "abandoned" by the MCC (ref E). By the end of 2009, Cuenta ALBA had established its administrative and organizational procedures and was due to begin implementation of the program in 2010.

13. (C) While Venezuela has delivered funds to Ortega, a major concern is that much of this "assistance" is not transparent, remains off-budget and is used for political purposes (ref G). The Institute for Strategic Studies and Public Policy (IEEPP, a Managua-based think tank) cautioned that much of this Venezuelan assistance is used for the financing of FSLN political projects and for publicity dedicated to developing a "cult of personality" around Daniel Ortega. Government programs that actually do receive Venezuelan funds are generally left to FSLN members to administer for patronage purposes (ref A, C) and there is evidence that Ortega has used ALBA funds or financing to increase his own personal wealth (ref H).

14. (C) Whether or not Venezuelan ALBA funds provide meaningful development assistance to the Nicaraguan population, the people believe that Venezuela is the country that most supports Nicaragua.

A recent public opinion poll showed that 39.4% of the population believed Venezuela was the country that most supported Nicaragua, while the United States was second with 29.3% of Nicaraguans rating it as the most supportive country. Venezuela topped the United States in rural and urban areas, in all socio-economic groups, and in every region of the country. It is of particular note that regions traditionally strongly anti-FSLN (i.e., the north and the Atlantic coast) also ranked Venezuela ahead of the United States. While these regions are suspicious of Chavez and his intentions, they still believe that Venezuela offers more assistance than the United States or any other country. In the north the gap was 13 points and on the Atlantic coast the difference was 17%. One reason that might explain this is the government's use of its various media organizations (radio, television and internet) to provide propaganda for ALBA and Venezuelan assistance to Nicaragua. The reach of (and images on) the FSLN's Channel 4 are particularly important in this respect.

ALBA - The Anti-Yankee, Unconditional Support Group

15. (C) In ALBA, Ortega has found a place that supports and fuels his anti-Americanism. As noted by opposition leader Edmundo Jarquin (a former member of the FSLN government of the 1980s), Ortega promotes opposition to U.S. policies and usually expresses himself in open hostility toward the United States and "its" capitalist system. In most of his public statements, Ortega generally makes at least a passing reference to the "empire" or the USG's "terrorist policies," but his rhetoric usually is emboldened after an ALBA summit. This was most notable in April during an interview in Cuba, which occurred after the Summit of the Americas

and an ALBA summit. During that interview, Ortega claimed the USG was conspiring against him and threatened to expel U.S. diplomats (ref F). The Government of Nicaragua, accompanied by its ALBA friends, has demonstrated its ability to support its anti-American rhetoric with actions in international organizations. In the United Nations, the Ortega administration generally votes against the U.S. position and in 2008 voted against the U.S. position in the important issues as described in the Department's "Voting Practices in the United Nations, 2008." According to USUN New York, Nicaragua (along with Cuba and Venezuela, the ALBA founders) has aligned itself "with the most radical states in the UN and have become among the most vociferous anti-American delegations in the organization" (ref B).

16. (C) Ortega also uses ALBA to coordinate foreign policy in other arenas and portray himself as an international player. Immediately after the Bolivian President Evo Morales would represent the ALBA countries.

17. (C) Finally, ALBA has provided Ortega with international support during critical moments. The United States, Canada, and European countries  
Comment

18. (C) Since entering office in 2007, Ortega has attached himself to the hip of ALBA. Domestically he proclaims it as the great savior to heal  
CALLAHAN